



## Your Asset Allocation – Is It Right For You?

*Asset allocation is a strategy that can help you manage the overall risk in your portfolio.*

If you are a retirement plan investor, you have to walk a fine line between growing your assets and exposing those assets to excessive risk. A strategy known as asset allocation can help you manage the overall risk in your portfolio.\* Since different asset classes may respond differently to changing economic and financial conditions, there will be periods when one asset class does well but another does not. Essentially, by spreading your plan money among the major asset classes -- stocks, bonds, and cash -- you may reduce the risk that your portfolio's overall value will be unduly affected if one asset class suffers a decline for an extended period.

The percentage of your retirement portfolio that you choose to allocate to each asset class may depend on several factors, including your ability to handle the risk of investment losses, your age, and your ownership of other assets. The time you have available to invest for your retirement is a particularly important consideration. Younger investors generally can afford to take on more investment risk in exchange for the potential of earning higher returns. The thinking is that their portfolios have

more time to recover from temporary downturns in the stock market and therefore continue to grow. However, as you age and draw closer to retirement, you may decide to begin reducing your portfolio's exposure to higher risk investments like stocks. The closer you get to retirement, the less time there may be for your portfolio to recover fully from stock market declines.

It's wise to review your asset allocation yearly to see if it is still appropriate for your situation. A major increase or decline in the value of an asset class in your portfolio can affect your asset allocation. Your asset allocation may end up being more aggressive or more conservative than you originally intended. When this occurs, you may need to buy and sell some investments to reestablish the percentages you initially chose.

The decision to buy or sell investments in your portfolio can be complex, and the guidance of a financial professional can be invaluable in determining what makes sense given your unique circumstances.

*\*Asset allocation does not guarantee a profit or protect against losses.*

### Reminder...

#### Qualified Plan Contribution Limitations For 2024

Elective Deferral Limit      \$23,000

Additional Catch-Up Limit\*   \$ 7,500

\*If allowed under the terms of your plan, applies to participants who reach age 50 by the end of 2024.



## Teaching Your Children Good Financial Habits

Why is it important to teach your children about money, saving, and investing? Because good financial habits can go a long way toward helping a person successfully navigate the financial challenges they are likely to encounter in adulthood. Learning about the following money-related topics will very likely prove useful to your children throughout their lives.

### Budgeting

One simple way to teach young children about budgeting is to give them a small weekly allowance. When you require your children to do chores in return for their allowance, you help them appreciate the value of the money they've worked for. Once your children have their own money, you can teach them how to manage it by having them create a budget. The budget could allot some of the allowance for entertainment, some for saving for something special, and perhaps something for a charity. A budget will teach your children how to prioritize spending in order to achieve a specific goal.

### Saving and Investing

Create a savings account for each child. Explain how regular additions to a savings account, combined with interest, can add up over time. Think about requiring your children to increase the percentage of their allowance that they put into their savings account whenever you increase their allowance.

You could open a mutual fund\* account for each of your children as they become smarter about money and saving. It's an opportunity to explain

to them how a mutual fund works and the differences between stock, bond, and money market\*\* mutual funds. Show them how to follow fund performance and use their fund statements to illustrate the way their account grows or declines in value.

### Earnings and Taxes

It is important that your children understand how your and your spouse's or partner's earnings cover the cost of running the household. It can be helpful to explain to them how you budget each month for routine household expenses and for non-essential items, such as sports activities and equipment, vacations, and entertainment.

Your children's first part-time jobs offer an opportunity for you to explain how taxes work. Most likely, the difference between gross pay and net pay will come as a shock to your children when they get their first paycheck. Go over their pay stub and give them an overview of the federal and state taxes that are typically paid through withholding.

### Debt and Credit

Debt is another worthwhile financial topic you should discuss with your children as they become older. They should understand that very few people can afford to pay cash for a house or an automobile and that most people must borrow to finance these purchases. Explain that taking on debt to pay for items can end up costing borrowers considerably more than the item's purchase price when interest payments are considered and that's why they should be very careful about the amount of debt they take on.

By empowering your children with a basic understanding of money management, you are helping them become better prepared to take charge of their own finances as adults.

*\*You should consider the fund's investment objectives, charges, expenses, and risks carefully before you invest. The fund's prospectus, which can be obtained from your financial representative, contains this and other information about the fund. Read the prospectus carefully before you invest or send money. Shares, when redeemed, may be worth more or less than their original cost.*

*\*\*An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.*